

Mendon Community Schools

Notes to the Financial Statements

inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

The School District had \$1,419,925, invested with the Michigan Liquid Asset Fund, of level 2 recurring fair value measurements as of June 30, 2023.

Note 4 - Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2023 consisted of fund receivables and payables listed below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Food service	General	\$ 15,152

Interfund balances resulted primarily from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unearned revenue include charges for services payments received prior to meeting all eligibility requirements in the amount of \$221,354.

Note 6 - State of Michigan School Aid

The School District reports State of Michigan school aid in the fiscal year in which the School District is entitled to the revenue as provided by State of Michigan School aid appropriation acts. State funding provided approximately 50.7% of the total revenues to the School District during the June 30, 2023 fiscal year.

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Note 7 - Capital Assets

Capital asset activity of the School District was as follows:

	Beginning Balance	Additions	Transfers	Ending Balance
Capital Assets not Being Depreciated:				
Land	\$ 102,000	\$ -	\$ -	\$ 102,000
Construction in progress	1,690,864	68,491	(1,690,864)	68,491
Subtotal	<u>1,792,864</u>	<u>68,491</u>	<u>(1,690,864)</u>	<u>170,491</u>
Capital Assets Being Depreciated:				
Buildings and improvements	23,321,186	21,131	1,690,864	25,033,181
Site improvements	905,603	-	-	905,603
Buses and other vehicles	917,978	-	-	917,978
Furniture and equipment	3,142,318	97,237	-	3,239,555
Subtotal	<u>28,287,085</u>	<u>118,368</u>	<u>1,690,864</u>	<u>30,096,317</u>
Less Accumulated Depreciation:				
Buildings and improvements	8,732,401	505,379	-	9,237,780
Site improvements	905,603	-	-	905,603
Buses and other vehicles	655,976	35,521	-	691,497
Furniture and equipment	2,773,806	121,208	-	2,895,014
Subtotal	<u>13,067,786</u>	<u>662,108</u>	<u>-</u>	<u>13,729,894</u>
Capital Assets Being Depreciated, Net	<u>15,219,299</u>	<u>(543,740)</u>	<u>1,690,864</u>	<u>16,366,423</u>
Capital Assets, Net	<u>\$ 17,012,163</u>	<u>\$ (475,249)</u>	<u>\$ -</u>	<u>\$ 16,536,914</u>

Depreciation expense for the fiscal year amounted to \$662,108. The School District determined that was impractical to allocate depreciation expense to the various government activities as the capital assets serve multiple functions.

Note 8 - Long-term Debt

The school district issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the school district.